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LISTING STATEMENT No. 2096

LISTED FEBRUARY 23rd, 1962
186,734 Cumulative Redeemable Preference
Shares, Series A, of \$20 par value.
Ticker abbreviation "SSIPR"
Post section 11
781,441 Common shares without par value
Ticker abbreviation "SSI" **APR 3 1962**
Post section 6.4
Dial ticker No. 518.

TORONTO STOCK EXCHANGE

LISTING STATEMENT

SLATER STEEL INDUSTRIES LIMITED

Incorporated under the laws of the Province of Ontario and
resulting from the amalgamation on February 22, 1962 of
Slater Industries Limited and Burlington Steel Company,
Limited.

CAPITALIZATION AS AT FEBRUARY 22, 1962

(Following amalgamation on that date)

CAPITAL STOCK:	AUTHORIZED	ISSUED	TO BE LISTED
Preference shares with a par value of \$20 each issuable in series.....	299,025	—	—
6¼% Cumulative redeemable preference shares, Series A with a par value of \$20 each.....	186,734	186,734	186,734
Common shares without par value.....	2,000,000	774,246	781,441*
FUNDED DEBT:			
6% Secured Debentures, Series A.....	\$2,500,000	\$2,500,000	—

* 7,195 common shares are subject to purchase under the terms of existing stock options which have been granted to certain key employees of Burlington Steel Company, Limited.

February 22, 1962.

1. APPLICATION

Slater Steel Industries Limited (hereinafter called the "Company") hereby makes application for the listing on the Toronto Stock Exchange of 186,734 6¼% cumulative redeemable preference shares, series A with a par value of \$20 each and 781,441 common shares without par value (of which common shares 7,195 are to be listed subject to issuance), such 186,734 6¼% cumulative redeemable preference shares, series A and 774,246 of such common shares having been issued and being outstanding as fully paid and non-assessable. Reference is hereby made to the Information for Shareholders (hereinafter called the "Information") attached hereto.

2. HISTORY

The Company resulted from the amalgamation, pursuant to Section 96 of The Corporations Act (Ontario) on February 22, 1962 of Slater Industries Limited and Burlington Steel Company, Limited (hereinafter collectively called the "amalgamating companies"). Slater Industries Limited was incorporated under the laws of the Province of Ontario on October 13, 1960. Burlington Steel Company, Limited was incorporated under the laws of the Province of Ontario on December 8, 1930.

3. NATURE OF BUSINESS AND NUMBER OF EMPLOYEES

The Company, directly or through its subsidiaries, N. Slater Company, Limited and Stamped & Enamelled Ware, Limited, is engaged in the production of hardware used in the transmission and distribution of electric power and in the communication industries, the porcelain enamelling of products for the appliance, plumbing ware and lighting industries, and in the steel business. A more detailed statement of the businesses carried on by the amalgamating companies and subsidiaries prior to the amalgamation and now carried on by the Company and its subsidiaries is set out in the Information.

The Company and its subsidiaries have over 1,005 employees.

4. INCORPORATION AND CAPITAL CHANGES

Information as to the incorporation of the amalgamating companies and as to changes in their respective capitalizations is set out in the copy of the agreement made as of January 24, 1962 providing for their amalgamation appearing in the Information.

5. NO PERSONAL LIABILITY — OPINION OF COUNSEL

Messrs. Blake, Cassels & Graydon, 25 King Street West, Toronto, Ontario, counsel for the Company, are filing in support of this application an opinion stating that each of the amalgamating companies was duly incorporated and organized under the laws of the Province of Ontario, that the amalgamating companies were duly amalgamated and continued as the Company under the laws of the Province of Ontario and that the outstanding shares of the Company have been validly created and issued and are outstanding as fully paid and non-assessable shares. Mr. R. A. Kingston, who is a partner in the firm of Messrs. Blake, Cassels & Graydon, is a director and an officer of the Company.

6. SHARES ISSUED DURING PAST TEN YEARS

Certain shares of the amalgamating companies were issued during the past ten years, particulars of which are on file with The Toronto Stock Exchange.

7. STOCK PROVISIONS AND VOTING POWERS

The preferences, rights, conditions, restrictions, limitations and prohibitions respectively, attached to the 6¼% cumulative redeemable preference shares, Series A with a par value of \$20 each of the Company are set out in the letters patent dated February 22, 1962 of the Company, a certified copy of which is on file with The Toronto Stock Exchange. All the common shares without par value of the Company rank equally and carry one vote at all general meetings of shareholders.

8. DIVIDEND RECORD

Information as to the dividends paid by the amalgamating companies is set out in the Information.

9. RECORD OF PROPERTIES

Information as to properties and plants of the Company and its subsidiary companies is set out in the Information.

10. SUBSIDIARY COMPANIES

Information as to the subsidiaries of the Company is set out in the Information.

11. FUNDED DEBT

Information as to the funded debt of the Company is set out in the Information.

12. OPTIONS, UNDERWRITINGS, ETC.

There are no outstanding options, underwritings, sale agreements of other contracts or agreements of like nature with respect to any unissued shares or any issued shares held for the benefit of the Company except for certain employees' stock options, particulars of which are on file with The Toronto Stock Exchange.

13. LISTING ON OTHER STOCK EXCHANGES

Not applicable.

14. STATUS UNDER SECURITIES ACTS

Not applicable.

Information for Shareholders

Plan of Amalgamation

of

SLATER INDUSTRIES LIMITED

and

BURLINGTON STEEL COMPANY, LIMITED

January 24, 1962

INFORMATION FOR SHAREHOLDERS

Shareholders' Meetings

Meetings of the holders of the preference and the common shares of Slater Industries Limited (herein sometimes called "Slater") and of the holders of shares of Burlington Steel Company, Limited (herein sometimes called "Burlington") are being called to consider and, if thought fit, adopt an amalgamation agreement which has been entered into by both companies subject to adoption by their shareholders. The agreement provides for amalgamation of the two companies pursuant to section 96 of The Corporations Act (Ontario). If it is adopted by the shareholders at the said meetings, letters patent amalgamating the companies will be applied for.

The Amalgamated Company

The said letters patent will amalgamate Slater and Burlington and will continue them as one company under the name "Slater Steel Industries Limited" (herein sometimes called the "Amalgamated Company") which will own all the assets and be subject to all the liabilities of Slater and Burlington (except for the shares in the capital of Burlington owned by Slater which will be cancelled by the said letters patent) and the businesses of Slater and Burlington will become the business of the Amalgamated Company.

Authorized Share Capital of the Amalgamated Company

The authorized capital will consist of (a) a class of 299,025 preference shares with a par value of \$20 each issuable from time to time in one or more series of which 186,734 will have been designated as 6¼% cumulative redeemable preference shares, series A (herein sometimes called the "Series A Preference Shares"); and (b) 2,000,000 common shares without par value.

The respective preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the preference shares as a class and to the Series A Preference Shares will be as set out in Schedule A to the amalgamation agreement which is reproduced on pages 18 to 28 inclusive hereof.

Basis of Conversion of Shares

SLATER INDUSTRIES LIMITED

The outstanding share capital of Slater is 99,025 6¼% cumulative redeemable preference shares, series A, with a par value of \$20 each and 299,414 common shares without par value.

Each 6¼% cumulative redeemable preference share, series A will be converted into one fully paid and non-assessable Series A Preference Share of the Amalgamated Company and each common share will be converted into two fully paid common shares of the Amalgamated Company.

BURLINGTON STEEL COMPANY, LIMITED

The outstanding share capital of Burlington is 338,350 shares without par value. Of the 338,350 outstanding shares of Burlington, 162,932 are presently owned by Slater. It is proposed that these 162,932 shares will be cancelled by the letters patent of amalgamation.

Each of the remaining shares of Burlington will be converted into one-half of a Series A Preference Share and one common share of the Amalgamated Company.

Authorized and Issued Share Capital of the Amalgamated Company

<u>CLASS OF SHARES</u>	<u>Authorized</u>	<u>Issued</u>
Authorized less redeemed—299,025 Preference Shares with a par value of \$20 each		
6¼% Cumulative Redeemable Preference Shares, Series A.....	186,734	186,734
*Common shares without par value.....	2,000,000	774,246

*Approximately 3,598 Series A Preference Shares and 7,195 common shares of the Amalgamated Company will be subject to purchase under the terms of existing stock options which have been granted to certain key employees of Burlington.

Indebtedness of the Amalgamated Company

One of the liabilities to be assumed by the Amalgamated Company will be the present indebtedness of Burlington under \$2,500,000 principal amount of 6% Secured Debentures, Series A, maturing January 1, 1982.

Slater Industries Limited

Slater Industries Limited was incorporated under the laws of the Province of Ontario on October 13, 1960. At the present time, it carries on business through its subsidiary, N. Slater Company, Limited, which, in turn, owns all of the outstanding shares in the capital of Stamped & Enamelled Ware, Limited.

N. Slater Company, Limited

N. Slater Company, Limited (herein sometimes called "N. Slater") was incorporated in 1917 to take over the businesses of three companies which had been producing metal stampings and forgings and electric

equipment. Since that time it has specialized in the production of hardware used in the transmission and distribution of electric power and in the communication industries, including the telephone and telegraph industries, and is today believed to be the largest producer of pole line hardware in Canada.

"Pole line hardware" manufactured by N. Slater comprises some 4,000 separate items, including all those metal parts used on telephone and telegraph poles and on electric power transmission lines. This general term covers such hardware as guy anchors, rods and clamps, metal cross arms and braces, wireholders, racks and brackets, service masts, clevises, stubbing bands, cutouts and lightning arresters, preformed grips and preformed armor rods, suspension and strain clamps, torsional dampers, nicopress sleeves and tools, and many other fixtures used in communication and power transmission systems. Many of these products are manufactured under patents and all products are marketed under the trade name of "Slater" supported by a trade figure known as "John Lineman." The Company's pole line hardware is distributed and stocked from coast to coast in Canada by Northern Electric Company Limited which sells directly to the principal telephone and telegraph companies and systems and to other public utilities and electrical contractors.

The Company's plant containing approximately 200,000 sq. ft. of factory space and approximately 40,000 sq. ft. of warehousing space is located at Hamilton, Ontario, where all pole line hardware and the bulk of its metal stampings and forgings are produced. The metal stampings and forging products cover a wide range of parts used by manufacturers of appliances, television sets, radios and plumbing and railway equipment and by many other industries.

N. Slater's manufacturing facilities are equipped to handle:

Metal Stampings: In the Hamilton plant there are two departments producing pressed metal parts, a light press department which produces stampings of smaller dimensions and light drawn work on semi-automatic equipment and a heavy press department which produces larger parts and deep drawn work. The equipment in both these departments is diversified and capable of producing a wide range of products. Press operations in both departments can be co-ordinated on a production line basis. Electro-resistance welding equipment is used for assembling the various stampings as required.

Forgings: Light forgings and pressings are produced on diversified equipment, which includes accurately controlled heat treating to meet quality and special requirements.

Hot Dip Galvanizing: Pole line hardware requires a hot-dip galvanizing process to protect the metal from corrosion through extended exposure to weather. This department also undertakes custom hot-dip galvanizing for the building, electrical and hardware industries. N. Slater's hot-dip galvanizing has always been recognized as of the highest standard. To maintain this standard of quality, N. Slater has installed a completely new type of mechanized equipment, the first of its kind in Canada, which has also materially improved the economy and efficiency of the operation.

Complete laboratory facilities and highly competent personnel are maintained to assure a high standard of quality and technical accuracy at all stages of production. In addition, N. Slater maintains a fully equipped department for the design and production of all necessary tools, dies and special equipment for the great variety of products manufactured.

Stamped & Enamelled Ware, Limited

Stamped & Enamelled Ware, Limited, a wholly-owned subsidiary of N. Slater Company, Limited, located at Hespeler, Ontario, is recognized as the largest custom enamelling establishment in Canada. In addition to the porcelain enamelling of products for the appliance, plumbing ware and lighting industries, this company produces washing machine tubs, steel bath tubs, shower cabinets and window and door awnings and manufactures under contract a wide range of products for the domestic market. Recent additions to both floor space and machinery place approximately 200,000 sq. ft. of manufacturing facilities, strategically situated midway between Toronto and London, at the service of manufacturers and consumers who recognize porcelain as "the lifetime finish."

Burlington Steel Company, Limited

Burlington Steel Company, Limited was incorporated by letters patent of the Province of Ontario dated December 8, 1930, and supplementary letters patent have been issued to it dated respectively August 25, 1932, November 28, 1933, February 26, 1937, and January 2, 1957.

Burlington and its predecessor company of the same name have been engaged in the steel business since 1910. Burlington presently operates a steel rolling mill, and owns and operates electric furnace equipment for primary production of steel. It supplies reinforcing steel to the construction industry, bars and shapes for general manufacturing, including steel fence posts, grinding balls and structural tubing, and many other agricultural and special shapes.

Burlington's office and plant occupy approximately 14 acres on Sherman Avenue North in Hamilton, Ontario.

In 1959 Burlington commenced a \$2,000,000 programme of modernization of plant equipment and lay-out in order to increase operating efficiency. By September, 1961, the installation of a new heating furnace of greater capacity and of a new twenty-one inch break-down mill and mechanization of the sixteen-inch mill were completed. Installation of new rolling mill equipment is now complete. Mechanization and retraining of personnel for Burlington's twelve-inch mill are nearing completion.

Current Earnings of Slater and Burlington

As indicated in the accompanying financial statements, the net profits of Slater and its subsidiaries for the year ended October 31, 1961 after deduction of depreciation and income taxes showed an improvement of approximately \$40,000 over the net profits of N. Slater Company, Limited and its subsidiary for the year ended October 31, 1960. The last complete fiscal year of Burlington ended March 31, 1961 showed net profits of \$451,643. Since that date net profits have declined substantially and for the period from April 1, 1961, to October 22, 1961, they amounted to \$122,308 after charging depreciation of \$140,000 and income taxes of \$103,000. The earnings during this period were adversely affected by the mill modernization programme.

Dividends Prior to Amalgamation

Burlington is now paying dividends on its shares at the rate of 60¢ per share per annum, having paid a quarterly dividend of 15¢ per share on January 2, 1962. In view of a substantial decrease in Burlington's earnings, its directors have announced that they will not this year follow the practice of recent years of declaring an extra dividend.

Slater is now paying dividends on its common shares at the rate of 60¢ per share per annum, having paid a dividend of 10¢ per share on February 1, 1961, and quarterly thereafter during 1961, and having raised the quarterly dividend payable on February 1, 1962 to 15¢ per share.

Dividends at the rate of \$1.25 per share per annum have been paid regularly upon the outstanding 6¼% cumulative redeemable preference shares, Series A of Slater since their issue.

An adjusting dividend on the 6¼% cumulative redeemable preference shares, series A of Slater, accruing on a day-to-day basis from February 1, 1962 to the day prior to the date of the letters patent of amalgamation, has been declared payable to preference shareholders of record on such last mentioned date, subject to the issue of such letters patent prior to May 1, 1962.

It is expected that the letters patent of amalgamation will be issued on or about March 1, 1962.

Dividends on Shares of the Amalgamated Company

Dividends on the Series A Preference Shares of the Amalgamated Company will accrue from the date of the letters patent amalgamating Slater and Burlington and will be payable quarterly thereafter commencing on May 1, 1962.

It is anticipated that the Amalgamated Company will initially pay dividends on its common shares at the rate of 30¢ per share per annum commencing with a dividend of 7½¢ per share payable on May 1, 1962.

Comparison of Dividends

The proposed amalgamation will not change the dividends to which the holders of Slater's 6¼% cumulative redeemable preference shares, series A will be entitled as holders of Series A Preference Shares of the Amalgamated Company. The present dividend rate on Slater's common shares is 60¢ per annum. As the dividend rate on the common shares of the Amalgamated Company will be 30¢ per annum, the holder of each common share of Slater may expect to receive equal dividends in the aggregate on the common shares of the Amalgamated Company to which he will be entitled, assuming proposed dividend rates are maintained.

As stated above, the holder of each share of Burlington will be entitled to receive one-half of a Series A Preference Share and one common share of the Amalgamated Company. In the years 1959, 1960 and 1961 the holders of shares of Burlington received dividends of 85¢ per share. One-half of a Series A Preference Share of the Amalgamated Company will carry a dividend of 62½¢ per annum. At proposed rates, each common share of the Amalgamated Company will carry a dividend of 30¢ per annum. Accordingly, a holder of one share of Burlington may expect to receive aggregate dividends of 92½¢ per annum in respect of shares of the Amalgamated Company received by him in exchange for his share of Burlington at proposed dividend rates.

Operations of the Amalgamated Company

The Amalgamated Company will continue in their entirety the businesses of Slater and Burlington.

Reasons for Amalgamation

The general purpose of the amalgamation is to provide economies in the operations of the amalgamating companies and their subsidiaries which are not presently available due to the existing divergent public holdings of shares in the companies.

Proposed Directors of the Amalgamated Company

<u>Name</u>	<u>Address</u>	<u>Present Directorships in Amalgamating Companies</u>
RALPH WILLIAM COOPER	Burlington, Ontario	Slater & Burlington
NORMAN ALDWYN EAGER	Hamilton, Ontario	Burlington
SAMUEL FINGOLD	Toronto, Ontario	Slater & Burlington
ROBERT ARNOLD KINGSTON	Toronto, Ontario	Slater & Burlington
HAROLD HAMILTON LEATHER	Hamilton, Ontario	Burlington
DONALD HOWARD McLAREN	Toronto, Ontario	Slater
GRAHAM MORROW	Toronto, Ontario	Burlington
GERALD LAMONT SMITH	Sands Point, New York	Slater
LEONARD NELSON WATT	Port Credit, Ontario	Slater & Burlington

Shares of Amalgamated Company

All common shares of the Amalgamated Company will rank equally and will carry one vote at all general meetings of shareholders.

LISTING

The Series A Preference Shares and the common shares of the Amalgamated Company will be listed and traded on The Toronto Stock Exchange immediately following the effective date of the amalgamation.

DIVIDENDS

Dividends on the 6¼% Cumulative Redeemable Preference Shares, Series A, of the Amalgamated Company will accrue from the effective date of the amalgamation which is expected to be about March 1, 1962, and will be payable on February 1, May 1, August 1 and November 1 in each year commencing May 1, 1962.

It is anticipated that the Amalgamated Company will initially pay dividends on its common shares at the rate of 30¢ per annum commencing with a dividend of 7½¢ per share payable on May 1, 1962.

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company in Toronto, Montreal, Winnipeg and Vancouver will be Transfer Agent and Registrar for the shares of the Amalgamated Company.

SHARE CERTIFICATES

It is expected that share certificates and fractional certificates for shares of the Amalgamated Company will be available for exchange for certificates of Slater and Burlington at the offices of Montreal Trust Company in Montreal, Toronto, Winnipeg and Vancouver on or about March 5, 1962.

Tax Consequences

In the opinion of counsel for the amalgamating companies, the issue of the Series A Preference Shares and the common shares of the Amalgamated Company to the shareholders of Slater and Burlington on the basis above described will not constitute the receipt of taxable income by such shareholders under the Income Tax Act of Canada.

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SLATER STEEL INDUSTRIES LIMITED

Pro Forma Consolidated Balance Sheet as at October 31, 1961 (Note 1)

After giving effect as at that date to:

- (1) The statutory amalgamation under Section 96 of The Corporations Act (Ontario) of Slater Industries Limited and Burlington Steel Company, Limited in accordance with an agreement of amalgamation. The amalgamating companies intend to apply for Letters Patent confirming the agreement amalgamating the companies under the name of Slater Steel Industries Limited.
- (2) The issue and sale by Burlington Steel Company, Limited on January 2, 1962 of \$2,500,000 6% redeemable sinking fund debentures for a consideration of \$2,500,000.
- (3) The payment of expenses in connection with the issue and sale of such debentures estimated at \$25,000.
- (4) The issue by Burlington Steel Company, Limited after October 22, 1961, of 60 shares for \$810.
- (5) The revaluation of the land, buildings and equipment of Burlington Steel Company, Limited to reflect the depreciated replacement value appraised by Warnock Hersey Appraisal Company Ltd. on August 22, 1961; which value is \$3,105,967 in excess of the net book value at that date.

Assets

CURRENT ASSETS

Cash	\$ 2,155,792	
Accounts receivable	2,319,312	
Inventories		
Raw materials valued on base stock method (note 2)	2,881,675	
Other raw materials, work in process, finished goods and supplies at the lower of cost or market	3,319,325	\$10,676,104

FIXED ASSETS

Land, buildings, machinery and equipment (note 3)	13,387,195	
Less accumulated depreciation	5,415,570	7,971,625

OTHER ASSETS AND DEFERRED CHARGES

Deferred tooling costs, prepaid expenses and other assets	217,762	
Deferred organization, share issue and debenture issue expenses	162,188	379,950
		<u>\$19,027,679</u>

Liabilities

CURRENT LIABILITIES

Bank advances (secured)	\$ 2,717,836	
Accounts payable and accrued liabilities	1,434,672	
Purchase obligations in respect of raw materials not yet delivered	1,183,385	
Income and other taxes payable	298,569	
Dividends payable	61,066	\$ 5,695,528

INCOME TAX REDUCTIONS APPLICABLE TO FUTURE YEARS (note 4)

406,500

FUNDED DEBT

6% redeemable sinking fund debentures due January 1, 1982, Series A (note 6)		2,500,000
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MINORITY INTEREST

Preferred shares of N. Slater Company, Limited		345,101
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SHAREHOLDERS' EQUITY

Capital stock (notes 8 and 9)		
Preferred shares		
Authorized—299,025 shares of \$20 each, issuable in series		
6¼% cumulative redeemable shares, Series A		
Issued—186,734 shares (note 7)	3,734,680	
Common shares		
Authorized—2,000,000 shares without par value		
Issued — 774,246 shares	2,474,053	
	<u>6,208,733</u>	
Excess of appraised value of fixed assets over net book value, as reduced (note 11)	1,840,924	
Retained earnings (note 10)	2,030,893	10,080,550
		<u>\$19,027,679</u>

Approved on behalf of the Boards of Slater Industries Limited and Burlington Steel Company, Limited:

SAMUEL FINGOLD, *Director*
L. N. WATT, *Director*

SLATER STEEL INDUSTRIES LIMITED

Notes to Pro Forma Consolidated Balance Sheet

1. **COMPANIES INCLUDED IN PRO FORMA CONSOLIDATED BALANCE SHEET**—The pro forma consolidated balance sheet includes the consolidated accounts of Slater Industries Limited as at October 31, 1961 (audited) and the accounts of Burlington Steel Company, Limited as at October 22, 1961 (unaudited). The subsidiary companies included in the consolidated accounts of Slater Industries Limited are N. Slater Company, Limited and Stamped & Enamelled Ware, Limited.
2. **INVENTORY VALUATION**—Valuation of the inventories of raw materials of Burlington Steel Company, Limited at the lower of cost or market, instead of the base stock method, would increase the value at October 22, 1961 by \$416,814. The difference in values at March 31, 1961 was \$376,726 and income taxes have been provided on this amount.
3. **FIXED ASSETS**—The land, buildings and equipment of Burlington Steel Company, Limited are included at the depreciated replacement value appraised by Warnock Hersey Appraisal Company Ltd. on August 22, 1961; which value is \$3,105,967 in excess of the net book value on that date. The land, buildings, machinery and equipment of Slater Industries Limited and its subsidiary companies are included at cost.
4. **INCOME TAXES**—It was the practice of N. Slater Company, Limited and Stamped and Enamelled Ware, Limited prior to November 1, 1960, and it is the current practice of Burlington Steel Company, Limited to provide for income taxes in respect of the income reflected in the accounts and not on the lesser amount which was assessable for income tax after claiming capital cost allowances and certain expenses in excess of the amounts charged to income in the accounts. The excess of amounts provided for income taxes over the amounts payable is shown in the balance sheet as income tax reductions applicable to future years in the amount of \$406,500 which amount is applicable to those future years when depreciation and certain expenses charged to income in the accounts exceed amounts deductible in respect thereof for income tax purposes.

Because of a change in practice, amounts provided for income taxes by N. Slater Company, Limited since October 31, 1960 have been reduced by \$10,245 as the company intends to claim capital cost allowances for income tax purposes in excess of amounts charged to income in the accounts.

5. **FUTURE COMMITMENT**—It is estimated as of October 22, 1961 that \$200,000 will be required to complete the mill modernization programme of Burlington Steel Company, Limited.
6. **DEBENTURES PAYABLE**—The 6% redeemable sinking fund debentures, Series A, are redeemable at any time at a premium declining from 6% if redeemed on or before December 31, 1962 to .375% if redeemed between January 1, 1977 and December 31, 1977, are redeemable at par after December 31, 1977, and are redeemable for sinking fund purposes at any time at par.

The company is required to pay to a trustee, by way of sinking fund for the debentures, a sum sufficient to call for redemption \$100,000 principal amount of debentures in each of the years 1963 to 1981.

7. **PREFERRED SHARES**—The 6¼% cumulative redeemable preferred shares, Series A, are redeemable at any time at a premium declining from 5¼% if redeemed on or before November 1, 1962 to 1% if redeemed after November 1, 1967.

The company is required on or before May 1, 1962 and each anniversary thereof to set aside an amount as a fund for the purchase of such preferred shares for cancellation, the amount of which fund, including the unused balances from amounts previously set aside, is not to exceed \$100,000.

8. **EMPLOYEES' STOCK OPTIONS**—In accordance with the employees' stock option plan of Burlington Steel Company, Limited 9,710 shares of the company's capital stock remained set aside at October 22, 1961 for the granting of options to employees. Certain key employees held options on 7,885 shares at \$13.50 per share. Subsequent to October 22, 1961, options in respect of 60 shares have been exercised and options in respect of 630 shares have expired leaving options outstanding at January 24, 1962, on 7,195 shares. These stock options would entitle the employees to purchase approximately 3,598 preference shares and 7,195 common shares of Slater Steel Industries Limited on the basis of one-half of a preferred share and one common share for \$13.50.

9. CAPITAL STOCK

Capital stock of amalgamating companies issued and outstanding prior to amalgamation—

Slater Industries Limited

99,025 preferred shares.....	\$1,980,500	
299,414 common shares.....	<u>3,338,324</u>	\$5,318,824

Burlington Steel Company, Limited

338,350 shares.....		<u>1,716,477</u>
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7,035,301

Less 162,932 shares of Burlington Steel Company, Limited owned by Slater Industries Limited to be cancelled on amalgamation.....

826,568

\$6,208,733

Capital stock to be issued (Pro Forma)

Preferred shares, 6¾% cumulative redeemable, Series A

99,025 shares to preferred shareholders of Slater Industries Limited

87,709 shares to shareholders of Burlington Steel Company, Limited

186,734 shares of \$20 each..... \$3,734,680

Common shares

598,828 shares to common shareholders of Slater Industries Limited

175,418 shares to shareholders of Burlington Steel Company, Limited

774,246 shares without par value..... 2,474,053

\$6,208,733

10. RETAINED EARNINGS

Retained earnings of amalgamating companies prior to amalgamation—

Slater Industries Limited, balance at October 31, 1961..... \$ 136,199

Burlington Steel Company, Limited balance at October 22, 1961..... 3,654,529

3,790,728

Less elimination on cancellation of 162,932 shares of Burlington Steel Company, Limited

owned by Slater Industries Limited..... 1,759,835

Retained earnings at October 31, 1961 (pro forma)..... \$2,030,893

11. EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER NET BOOK VALUE, AS REDUCED

Excess of appraised value of fixed assets over net book value (note 3)..... \$3,105,967

Less elimination on cancellation of 162,932 shares of Burlington Steel Company, Limited:

Cost of shares to Slater Industries Limited..... \$3,851,446

Deduct:

Portion applied on reduction of capital (note 9)..... \$ 826,568

Portion applied on reduction of retained earnings (note 10)..... 1,759,835 2,586,403 1,265,043

\$1,840,924

SLATER INDUSTRIES LIMITED
and its subsidiary companies (note 1)
and
BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF COMBINED EARNINGS

For the seven years ended October 31, 1961 (note 1)

	1961	1960	1959	1958	1957	1956	1955
Earnings from operations before the items shown below	\$ 1,797,633	\$ 1,973,162	\$ 2,340,473	\$ 2,214,107	\$ 2,138,995	\$ 2,224,767	\$ 1,677,283
Income from investments (including gains on disposals)	50,363	63,030	51,421	36,236	16,276	14,642	12,472
	<u>\$ 1,847,996</u>	<u>\$ 2,036,192</u>	<u>\$ 2,391,894</u>	<u>\$ 2,250,343</u>	<u>\$ 2,155,271</u>	<u>\$ 2,239,409</u>	<u>\$ 1,689,755</u>
Deduct:							
Depreciation (note 5)	\$ 443,493	\$ 396,206	\$ 380,269	\$ 368,574	\$ 362,015	\$ 344,843	\$ 335,077
Income taxes (note 2)	689,583	804,462	1,027,990	888,366	853,652	941,869	635,229
	<u>\$ 1,133,076</u>	<u>\$ 1,200,668</u>	<u>\$ 1,408,259</u>	<u>\$ 1,256,940</u>	<u>\$ 1,215,667</u>	<u>\$ 1,286,712</u>	<u>\$ 970,306</u>
Net earnings	\$ 714,920	\$ 835,524	\$ 983,635	\$ 993,403	\$ 939,604	\$ 952,697	\$ 719,449
Deduct dividends on preferred shares of N. Slater Company, Limited	14,537	15,160	15,160	17,916	18,933	20,506	21,073
Net earnings less dividends on preferred shares of N. Slater Company, Limited	<u>\$ 700,383</u>	<u>\$ 820,364</u>	<u>\$ 968,475</u>	<u>\$ 975,487</u>	<u>\$ 920,671</u>	<u>\$ 932,191</u>	<u>\$ 698,376</u>

Notes:

1. COMPANIES INCLUDED AND FISCAL PERIODS

The fiscal year-end of N. Slater Company, Limited and Stamped & Enamelled Ware, Limited was October 31 throughout the period shown above and their earnings are included for the seven years. In November, 1960 these two companies became subsidiary companies of Slater Industries Limited whose earnings are included for its first fiscal period ended October 31, 1961.

The fiscal year-end of Burlington Steel Company, Limited is March 31 and its earnings are included in the above statement of combined earnings for the seven years ended October 31, 1961 by apportioning to an October 31 year-end basis on the assumption that such earnings accrued in equal monthly amounts. Its earnings (unaudited) for the period April 1, 1961 to October 22, 1961 are included in the 1961 period.

2. INCOME TAXES

See note 4 to pro forma consolidated balance sheet, page 9.

3. ADJUSTMENT OF EARNINGS

In arriving at earnings from operations of Burlington Steel Company, Limited special payments for past service pension costs have been deducted as follows:
1959—\$41,667; 1958—\$58,333; and 1955—\$68,608.

4. INVENTORY VALUATION

During the seven years ended October 31, 1961 rail inventories of Burlington Steel Company, Limited have been valued on the base stock method and, commencing with its 1958 fiscal year, that method was extended to the valuation of scrap.

5. DEPRECIATION

The depreciation charges included in the above statement are those provided in the accounts on the recorded value of the buildings, machinery and equipment. As set out in the heading to the pro forma consolidated balance sheet appearing on page 8, the buildings and equipment of Burlington Steel Company, Limited are to be revalued at the depreciated replacement value on August 22, 1961 as appraised by Warnock Hersey Appraisal Company Ltd.

SLATER INDUSTRIES LIMITED

(Incorporated under the laws of the Province of Ontario)
and subsidiary companies

Consolidated Balance Sheet—October 31, 1961

Assets

CURRENT ASSETS

Cash.....	\$ 87,281	
Accounts receivable.....	804,097	
Inventories of raw materials, work in process and finished goods at the lower of cost or market.....	2,181,104	\$3,072,482
SHARES IN BURLINGTON STEEL COMPANY, LIMITED at cost (note 2).....		3,851,446

FIXED ASSETS at cost

Land.....	233,659	
Buildings, machinery and equipment (note 5).....	\$4,734,184	
Less accumulated depreciation.....	2,741,848	1,992,336
		2,225,995

OTHER ASSETS AND DEFERRED CHARGES

Deferred tooling costs, prepaid expenses and other assets.....	186,112	
Deferred organization and share issue expenses (note 3).....	137,188	323,300
		<u>\$9,473,223</u>

Liabilities

CURRENT LIABILITIES

Bank advances (secured).....	\$2,717,836	
Accounts payable and accrued liabilities.....	527,120	
Income and other taxes payable.....	255,577	
Dividends payable.....	61,066	\$3,561,599

INCOME TAX REDUCTIONS APPLICABLE TO FUTURE YEARS (note 3).....		111,500
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MINORITY INTEREST

Preferred shares of N. Slater Company, Limited.....		345,101
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SHAREHOLDERS' EQUITY

Capital stock

Preferred shares

Authorized less redeemed—299,025 shares of \$20 each, issuable in series

6¼% cumulative redeemable shares, Series A

Issued —100,000 shares for cash (note 4).....	2,000,000
Less redeemed— 975 shares.....	19,500
Outstanding — 99,025 shares.....	<u>1,980,500</u>

Common shares

Authorized—1,000,000 shares without par value

Issued

14 shares for cash.....	\$ 14
299,400 shares for common shares of N. Slater Company, Limited.....	<u>3,338,310</u>
299,414 shares.....	3,338,324

Retained earnings.....	136,199	5,455,023
		<u>\$9,473,223</u>

Approved on behalf of the Board:

SAMUEL FINGOLD, *Director*

L. N. WATT, *Director*

SLATER INDUSTRIES LIMITED
Notes to Consolidated Balance Sheet

1. SUBSIDIARY COMPANIES

The subsidiary companies included in the consolidation are N. Slater Company, Limited and Stamped & Enamelled Ware, Limited.

2. INVESTMENT IN BURLINGTON STEEL COMPANY, LIMITED

The company's investment in Burlington Steel Company, Limited represents 48.5% of the issued shares of that company. The quoted market value of \$2,851,000 based on the closing market price at October 31, 1961 is not necessarily indicative of the amount which may be realized on disposal.

3. INCOME TAXES

In prior years it was the practice of the subsidiary companies to provide for income taxes in respect of the income reflected in the accounts and not on the lesser amount which was assessable for income tax after claiming capital cost allowances and certain expenses in excess of the amounts charged to income in the accounts. Income taxes so provided by subsidiary companies to October 31, 1960 exceeded the amounts payable by \$118,400, of which \$6,900 was used to reduce the provision for income taxes of one subsidiary company in 1961 when capital cost allowances are less than charges to income, leaving \$111,500 at October 31, 1961 which is applicable to future years.

Because of a change in practice, the amount provided for income taxes for the year ended October 31, 1961 by the other subsidiary company has been reduced by \$10,245 as the company intends to claim capital cost allowances in excess of the amounts charged to income in the accounts.

Deferred organization and share issue expenses of the company have been reduced by the estimated income tax reduction of \$19,600 which will result from claiming share issue expenses for income tax purposes.

4. PREFERRED SHARES

The 6¼% cumulative redeemable preferred shares, Series A, are redeemable at any time at a premium declining from 5¼% if redeemed on or before November 1, 1962 to 1% if redeemed after November 1, 1967.

The company is required on May 1, 1962 and each anniversary thereof to set aside an amount as a fund for the purchase of such preferred shares for cancellation, the amount of which fund, including the unused balances from amounts previously set aside, is not to exceed \$100,000.

5. CONSOLIDATION ADJUSTMENTS

The cost to the company of acquiring common shares of N. Slater Company, Limited is \$104,517 in excess of the underlying book value attributable to such common shares. This amount has been allocated in the consolidated balance sheet to cost of buildings, machinery and equipment in recognition that the actual value thereof is in excess of the net book value.

AUDITORS' REPORT

To the Shareholders of

SLATER INDUSTRIES LIMITED:

We have examined the consolidated balance sheet of Slater Industries Limited and subsidiary companies as at October 31, 1961. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet presents fairly the combined financial position of the companies as at October 31, 1961, in accordance with generally accepted accounting principles.

Toronto, Canada,
January 24, 1962.

GUNN, ROBERTS AND CO.
Chartered Accountants.

SLATER INDUSTRIES LIMITED
and its subsidiary companies

and
N. SLATER COMPANY, LIMITED
and its subsidiary company

Statement of Combined Earnings for the Seven Years Ended October 31, 1961

	1961	1960	1959	1958	1957	1956	1955
Earnings from operations before the items shown below.....	\$ 990,195	\$853,426	\$1,137,661	\$1,107,959	\$1,124,044	\$1,154,246	\$760,547
Income from investments (including gains on disposals).....	47,641	50,008	29,660	17,091			
	<u>\$1,037,836</u>	<u>\$903,434</u>	<u>\$1,167,321</u>	<u>\$1,125,050</u>	<u>\$1,124,044</u>	<u>\$1,154,246</u>	<u>\$760,547</u>
Deduct							
Depreciation.....	\$ 226,410	\$211,206	\$ 195,269	\$ 187,740	\$ 191,182	\$ 171,510	\$164,660
Income taxes (note 2).....	407,000	329,712	497,406	419,533	441,069	512,014	276,255
	<u>\$ 633,410</u>	<u>\$540,918</u>	<u>\$ 692,675</u>	<u>\$ 607,273</u>	<u>\$ 632,251</u>	<u>\$ 683,524</u>	<u>\$440,915</u>
Net earnings	\$ 404,426	\$362,516	\$ 474,646	\$ 517,777	\$ 491,793	\$ 470,722	\$319,632
Deduct dividends on preferred shares of N. Slater Company, Limited.....	14,537	15,160	15,160	17,916	18,933	20,506	21,073
Net earnings less dividends on preferred shares of N. Slater Company, Limited.....	<u>\$ 389,889</u>	<u>\$347,356</u>	<u>\$ 459,486</u>	<u>\$ 499,861</u>	<u>\$ 472,860</u>	<u>\$ 450,216</u>	<u>\$298,559</u>

Notes:

1. COMPANIES INCLUDED

The statement of combined earnings includes the earnings of N. Slater Company, Limited and its subsidiary company Stamped & Enamelled Ware, Limited for the seven years ended October 31, 1961 and of Slater Industries Limited for the year ended October 31, 1961. N. Slater Company, Limited became a subsidiary company of Slater Industries Limited in November, 1960.

2. INCOME TAXES

Prior to November 1, 1960 it was the practice of N. Slater Company, Limited and its subsidiary company to provide for income taxes in respect of the income reflected in the accounts and not on the lesser amount which was assessable for income tax after claiming capital cost allowances and certain expenses in excess of the amounts charged to income in the accounts. Income taxes so provided to October 31, 1960 exceeded the amounts payable by \$118,400.

In the year ended October 31, 1961 N. Slater Company, Limited and its subsidiary company changed to the practice of providing only for income taxes on the amount assessable for income tax for the year after claiming capital cost allowances and certain expenses which for N. Slater Company, Limited exceed amounts charged to income in the accounts and for the subsidiary company are less than the amounts charged to income in the accounts. Because of the change in practice, (a) the amount provided for income taxes for the year ended October 31, 1961 by N. Slater Company, Limited has been reduced by \$10,245 as the company intends to claim capital cost allowances in excess of the amounts charged to income in the accounts; and (b) the amount provided for income taxes for the year ended October 31, 1961 by the subsidiary company was reduced by \$6,900 which had been provided in a prior year, as for this company, capital cost allowances are less than charges to income in the 1961 fiscal year.

To the Shareholders of
SLATER INDUSTRIES LIMITED:

AUDITORS' REPORT

We have examined the statement of combined earnings of Slater Industries Limited and its subsidiary companies, and N. Slater Company, Limited and its subsidiary company, for the seven years ended October 31, 1961. For the year ended October 31, 1961, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For the six years ended October 31, 1960 the consolidated earnings of N. Slater Company, Limited and its subsidiary company were reported upon by Messrs. McDonald, Currie & Co., Chartered Accountants.

In our opinion, based on our examination and the reports of the other auditors, the accompanying statement of combined earnings presents fairly the combined earnings of the companies for the seven years ended October 31, 1961, in accordance with generally accepted accounting principles applied on a consistent basis.

TORONTO, CANADA,
January 24, 1962.

GUNN, ROBERTS AND CO.
Chartered Accountants.

BURLINGTON STEEL COMPANY, LIMITED
Balance Sheets

Assets	October 22, 1961 (Unaudited)	March 31, 1961
CURRENT ASSETS:		
Cash on hand and in bank.....	\$ 12,452	\$ 162,079
Accounts receivable, less provision for doubtful accounts.....	1,515,215	1,102,070
Inventories—		
Raw materials valued on base stock method (Note 1).....	2,881,675	1,740,025
Supplies, work in process and finished products, valued at the lower of cost or market.....	1,138,221	1,000,799
	<u>5,547,563</u>	<u>4,004,973</u>
OTHER ASSETS:		
Cash surrender value of life insurance policies.....	31,650	31,650
CAPITAL ASSETS (Note 2):		
Land, buildings and equipment.....	5,313,385	5,169,844
Less—Accumulated depreciation.....	2,673,722	2,533,722
	<u>2,639,663</u>	<u>2,636,122</u>
	<u>\$8,218,876</u>	<u>\$6,672,745</u>
Liabilities		
CURRENT LIABILITIES:		
Bank advances.....	\$ 419,751	\$ —
Accounts payable and accrued liabilities.....	907,552	832,333
Purchase obligations in respect of raw materials not yet received.....	1,183,385	68,699
Income taxes accrued.....	42,992	51,423
Dividend payable April 1, 1961.....	—	134,848
	<u>2,553,680</u>	<u>1,087,303</u>
ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS (Note 3).....	<u>295,000</u>	<u>252,000</u>
SHAREHOLDERS' EQUITY:		
Capital—		
Authorized—600,000 shares without par value		
Issued and outstanding—338,290 shares at October 22, 1961; 337,120 shares at March 31, 1961 (Note 4).....	1,715,667	1,699,872
Earnings retained for use in the business.....	3,654,529	3,633,570
	<u>5,370,196</u>	<u>5,333,442</u>
	<u>\$8,218,876</u>	<u>\$6,672,745</u>

Approved on behalf of the Board:

SAMUEL FINGOLD, Director

L. N. WATT, Director

See accompanying notes to these balance sheets appearing on page 16.

BURLINGTON STEEL COMPANY, LIMITED

Notes to Balance Sheets

1. Valuation of the inventories of raw materials at the lower of cost or market, instead of the base stock method, would increase the value at October 22, 1961 by \$416,814 and at March 31, 1961 by \$376,726. Income taxes have been paid on the difference at March 31, 1961 of \$376,726.
2. Capital assets are stated on the basis of appraised values reported by Canadian Appraisal Company, Limited in March 1928, with subsequent additions at cost.
As set out in the heading to the pro forma consolidated balance sheet of Slater Steel Industries Limited as at October 31, 1961 appearing on page 8, the capital assets are to be revalued at the depreciated value on August 22, 1961 as reported by Warnock Hersey Appraisal Company Ltd. Such depreciated value exceeds the net book value of the capital assets at August 22, 1961 by \$3,105,967.
3. Capital cost allowances deductible for tax purposes have exceeded the depreciation recorded in the accounts. The resulting tax reductions, aggregating \$295,000, have been set aside on the balance sheet as "Accumulated Tax Reductions Applicable to Future Years" to be brought into earnings when the allowances available for tax purposes are less than the depreciation recorded in the accounts.
4. In accordance with the company's stock option plan a balance of 9,710 shares without par value was set aside at October 22, 1961 for the granting of options to 59 employees. Options granted to purchase 7,885 shares at \$13.50 per share were outstanding at October 22, 1961. During the period from March 31, 1961 to October 22, 1961, 1,170 shares were issued pursuant to the plan for a cash consideration of \$15,795.
5. It is estimated as of October 22, 1961 that \$200,000 will be required to complete the mill modernization programme.
6. At March 31, 1961 the company had a contingent liability limited to \$150,000 under the guarantee of a bank loan. The company was released from this guarantee on October 17, 1961.

AUDITORS' REPORT

To the Shareholders of

BURLINGTON STEEL COMPANY, LIMITED:

We have examined the balance sheet of Burlington Steel Company, Limited as at March 31, 1961. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet presents fairly the financial position of the company as at March 31, 1961, in accordance with generally accepted accounting principles.

HAMILTON, ONTARIO, January 24, 1962.

PRICE WATERHOUSE & CO.

Chartered Accountants.

**Statement of Earnings
for the Seven Years and Twenty Nine Weeks Ended October 22, 1961**

Notes:

- ## AUDITORS' REPORT

We have examined the statement of earnings of Burlington Steel Company, Limited for the seven years ended March 31, 1961. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

HAMILTON, ONTARIO, JANUARY 24, 1962.

THIS AMALGAMATION AGREEMENT entered into as of the 24th day of January, 1962.

BETWEEN:

SLATER INDUSTRIES LIMITED,
herein called "Slater"

OF THE FIRST PART

and

BURLINGTON STEEL COMPANY, LIMITED,
herein called "Burlington"

OF THE SECOND PART

WITNESSETH:

WHEREAS Slater was incorporated under The Corporations Act, 1953 (Ontario) by letters patent dated October 13, 1960, and supplementary letters patent dated October 26, 1960, have been issued to it, as a consequence of which its authorized capital consisted of 300,000 Preference Shares with a par value of \$20 each and 1,000,000 Common Shares without par value, of which 100,000 Preference Shares, designated as 6¼% Cumulative Redeemable Preference Shares, Series A, and 299,414 Common Shares have been allotted and issued;

AND WHEREAS 975 of the said 6¼% Cumulative Redeemable Preference Shares, Series A, have been purchased by Slater for cancellation, so that there are now issued and outstanding 99,025 6¼% Cumulative Redeemable Preference Shares, Series A, and 299,414 Common Shares in the capital of Slater;

AND WHEREAS Burlington was incorporated under The Companies Act (Ontario) by letters patent dated December 8, 1930, and supplementary letters patent dated respectively August 25, 1932, November 28, 1933, February 26, 1937, and January 2, 1957, have been issued to it, as a consequence of which its authorized capital consists of 600,000 Shares without par value, of which 338,350 have been allotted and issued and are now outstanding as fully paid and non-assessable;

AND WHEREAS 162,932 of the outstanding Shares of Burlington are recorded in its books in the name of Slater;

AND WHEREAS Slater and Burlington have similar objects;

AND WHEREAS Slater and Burlington have agreed to amalgamate upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto have agreed as follows:

1. Slater and Burlington hereby agree to amalgamate under the provisions of Section 96 of The Corporations Act and to continue as one company (herein called the "Amalgamated Company") under the terms and conditions hereinafter set forth.

2. The name of the Amalgamated Company shall be

SLATER STEEL INDUSTRIES LIMITED

and the objects of the Amalgamated Company shall be as follows:

"Directly or through subsidiaries to manufacture and deal in iron, steel, brass, aluminum and other metals; to manufacture, repair, acquire, buy, sell, exchange, set up, equip, and deal in metal products, equipment, tools, implements and hardware of all kinds; and to acquire, buy, sell, exchange and deal in all materials, metals and articles used in the manufacture of metal products, equipment, tools, implements and hardware or in any way connected therewith."

3. The authorized capital of the Amalgamated Company shall be divided into 299,025 preference shares with a par value of \$20 each, of which 186,734 shall be designated as 6¼% cumulative redeemable preference shares, series A, and 2,000,000 common shares without par value; provided that the common shares without par value shall not be issued for a consideration exceeding in amount or value the sum of \$5,000,000 or such greater amount as the board of directors of the Amalgamated Company may deem expedient on payment to the Treasurer of Ontario of the fees payable on such greater amount and on the issuance by the Provincial Secretary of a certificate of such payment; the respective preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the said preference shares and to the said 6¼% cumulative redeemable preference shares, series A, of the Amalgamated Company shall be as set out in Schedule A to this Agreement.

4. The authorized capital of Burlington shall be decreased by the cancellation of 162,932 of its issued and outstanding Shares recorded in the books of Burlington in the name of Slater.

5. Each of the remaining 175,418 issued Shares without par value of Burlington shall be converted into 6¼% cumulative redeemable preference shares, series A, and common shares without par value of the Amalgamated Company on the basis of ½ of a 6¼% cumulative redeemable preference share, series A,

and one common share of the Amalgamated Company for each Share of Burlington; the fixed cumulative preferential cash dividends on such preference shares of the Amalgamated Company shall accrue and be cumulative from the date of the letters patent amalgamating the parties hereto.

6. The issued and outstanding shares of Slater shall be converted into issued and outstanding shares of the Amalgamated Company as follows:

- (a) the 99,025 issued and outstanding 6¼% Cumulative Redeemable Preference Shares with a par value of \$20 each of Slater shall be converted share for share into 99,025 issued, outstanding and fully paid 6¼% cumulative redeemable preference shares, series A, with a par value of \$20 each of the Amalgamated Company; the fixed cumulative preferential cash dividends on such Preference Shares of Slater shall cease to accrue from the date of the letters patent amalgamating the parties hereto and the fixed cumulative preferential cash dividends on such preference shares of the Amalgamated Company shall accrue and be cumulative from the like date;
- (b) the 299,414 issued and outstanding Common Shares without par value of Slater shall be converted into 598,828 issued and outstanding and fully paid common shares without par value of the Amalgamated Company on the basis of 2 common shares of the Amalgamated Company for each Common Share of Slater.

7. After the issue of letters patent confirming this Agreement, the shareholders of Slater and Burlington, when requested by the Amalgamated Company, shall surrender the certificates representing shares held by them in Slater and Burlington and, in return, shall be entitled to receive certificates for shares and fractions of preference shares of the Amalgamated Company on the basis aforesaid; provided that, whenever a holder of Shares of Burlington would by virtue of the conversion of his said shares become entitled to a fraction of a preference share of the Amalgamated Company, such shareholder shall not be entitled to be entered on the books of the Amalgamated Company as the holder of such fraction of a share or to receive a share certificate in respect thereof, but shall be entitled in respect of such fraction to receive a bearer fractional certificate. Each such fractional certificate shall entitle the bearer on surrender thereof together with other similar fractional certificates aggregating one or more whole shares of the Amalgamated Company to receive, in addition to a certificate for such number of shares, any dividends declared and unpaid thereon to the time of surrender of the said fractional certificates.

8. The head office of the Amalgamated Company shall be at the City of Hamilton in the Province of Ontario.

9. The by-laws and special resolutions of Slater shall, to the extent not inconsistent with this Agreement, be the by-laws and special resolutions of the Amalgamated Company until repealed, amended or added to.

10. The board of directors of the Amalgamated Company, until otherwise determined by special resolution, shall consist of nine members and the first directors of the Amalgamated Company with their names, callings and places of residence shall be the following:

<u>Name</u>	<u>Calling</u>	<u>Place of Residence</u>
RALPH WILLIAM COOPER.....	<i>Contractor</i>	563 North Shore Boulevard East, Burlington, Ontario
NORMAN ALDWYN EAGER.....	<i>Manufacturer</i>	7 Ravenscliff, Hamilton, Ontario
SAMUEL FINGOLD.....	<i>Manufacturer</i>	2295 Bayview Avenue, Toronto, Ontario
ROBERT ARNOLD KINGSTON, Q.C.....	<i>Barrister</i>	18 Burton Road, Toronto, Ontario
HAROLD HAMILTON LEATHER.....	<i>Executive</i>	341 James Street South, Hamilton, Ontario
DONALD HOWARD McLAREN.....	<i>Executive</i>	76 Kimbark Boulevard, Toronto, Ontario
GRAHAM MORROW.....	<i>Executive</i>	137 Warren Road, Toronto, Ontario
GERALD LAMONT SMITH.....	<i>Executive</i>	South Road, Harbour Acres, Sands Point, New York
LEONARD NELSON WATT.....	<i>Consultant</i>	1462 Mississauga Road, Port Credit, Ontario

The election of subsequent directors and the management and control of the Amalgamated Company shall be conducted in accordance with the provisions of The Corporations Act.

11. It shall not be necessary for a majority of the board of directors of the Amalgamated Company to constitute a quorum but the quorum shall be not less than two-fifths of the board of directors.

12. The shareholders of the Amalgamated Company may, by resolution passed by at least two-thirds of the votes cast at a general meeting of which notice specifying the intention to pass such resolution has been given, remove any director before the expiration of his term of office and may by a majority of the votes cast at that meeting elect any person in his stead for the remainder of his term.
13. The Amalgamated Company may pay commissions to persons in consideration of their subscribing or agreeing to subscribe whether absolutely or conditionally for shares in the Amalgamated Company or procuring or agreeing to procure subscriptions whether absolute or conditional for such shares but no such commission shall exceed 25% of the amount of the subscription.
14. Except for the shares of Burlington owned by Slater, Slater shall contribute to the Amalgamated Company all its assets subject to all its liabilities including those more particularly set forth in the balance sheet of Slater as of October 31, 1961, subject to changes since that date, all of which have been disclosed to Burlington.
15. Burlington shall contribute to the Amalgamated Company all its assets subject to all its liabilities including those more particularly set forth in the balance sheet of Burlington as of October 22, 1961, subject to changes since that date, all of which have been disclosed to Slater.
16. Except for the shares of Burlington owned by Slater, the Amalgamated Company shall possess all the property, rights, privileges and franchises and shall be subject to all the liabilities, contracts, disabilities and debts of Slater and Burlington.
17. All rights of creditors against the property, rights and assets of Slater and Burlington and all liens upon their property, rights and assets shall be unimpaired by such amalgamation and all debts, contracts, liabilities and duties of Slater and Burlington shall thenceforth attach to the Amalgamated Company and may be enforced against it.
18. No action or proceeding by or against Slater or Burlington shall abate or be affected by such amalgamation but, for all purposes of such action or proceeding, such company may be deemed still to exist or the Amalgamated Company may be substituted in such action or proceeding in the place thereof.
19. Upon the shareholders of Slater and Burlington respectively adopting this Agreement, the parties hereto shall make joint application to the Lieutenant-Governor of the Province of Ontario for letters patent confirming this Agreement and amalgamating the parties hereto.
20. Slater and Burlington may by resolution of their respective directors assent to any alteration or modification of this Agreement which the shareholders of the respective companies at meetings called to consider the same or the Provincial Secretary of Ontario may approve and the expression "this Agreement" as used herein shall be read and construed to mean and include this Agreement as so altered or modified.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto under their respective corporate seals as witnessed by the signatures of their proper officers in that behalf.

SLATER INDUSTRIES LIMITED

BURLINGTON STEEL COMPANY, LIMITED

SAMUEL FINGOLD
Chairman of the Board

SAMUEL FINGOLD
Chairman of the Board

R. A. KINGSTON
Secretary

R. J. SAWYERS
Treasurer

**SCHEDULE A TO THE ANNEXED AMALGAMATION AGREEMENT
DATED AS OF JANUARY 24, 1962**

Statement of Preference Share Conditions

THE PREFERENCE SHARES WITH A PAR VALUE OF \$20 EACH (HEREINAFTER CALLED "PREFERENCE SHARES") HAVE ATTACHED THERETO, AS A CLASS, PREFERENCES, RIGHTS, CONDITIONS, RESTRICTIONS, LIMITATIONS AND PROHIBITIONS SUBSTANTIALLY AS FOLLOWS:

(a) The Preference Shares may at any time or from time to time be issued in one or more series, each series to consist of such number of shares as may before the issue thereof be determined by the directors; the directors of the Company may (subject as hereinafter provided) by resolution fix from time to time before the issue thereof the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the Preference Shares of each series including, without limiting the generality of the foregoing, the rate of preferential dividends, the dates of payment thereof, the redemption price and terms and conditions of redemption, conversion rights (if any) and any sinking fund or other provisions, the whole subject to the issue of supplementary letters patent setting forth the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the Preference Shares of such series;

(b) The Preference Shares of each series shall be entitled to preference over the Common Shares of the Company, and any other shares ranking junior to the Preference Shares, with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs and may also be given such other preferences over the Common Shares of the Company and any other shares ranking junior to the Preference Shares as may be determined as to the respective series authorized to be issued;

(c) The Preference Shares of each series shall rank on a parity with the Preference Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs; no series of Preference Shares shall be authorized which shall have a dividend rate in excess of seven per cent (7%) per annum on the amounts from time to time paid up thereon or be entitled to receive upon liquidation, dissolution or winding up or upon redemption a sum in excess of one hundred and seven per cent (107%) of the amounts paid up thereon plus a sum equivalent to all unpaid dividends accumulated thereon;

(d) The holders of the Preference Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting (but shall be entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof) unless and until the Company from time to time shall fail to pay in the aggregate six (6) quarterly dividends on the Preference Shares of any one series on the dates on which the same should be paid according to the terms thereof and unless and until six (6) quarterly dividends on such shares shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter but only so long as any dividends on the Preference Shares of any series remain in arrears the holders of the Preference Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to one (1) vote in respect of each Preference Share held and shall be entitled, voting separately and as a class, to elect two (2) members of the board of directors of the Company if the board consists of seven (7) or fewer directors or three (3) members of the board of directors if the board consists of more than seven (7) directors; nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors;

Notwithstanding anything contained in the by-laws of the Company, the term of office of all persons who may be directors of the Company at any time when the right to elect directors shall accrue to the holders of Preference Shares as herein provided, or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than twenty (20) days' written notice and which shall be called by the Secretary of the Company upon the written request of the holders of record of at least one-tenth (1/10) of the outstanding Preference Shares; in default of the calling of such general meeting by the Secretary within five (5) days after the making of such request, such meeting may be called by any holder of record of Preference Shares;

Any vacancy or vacancies occurring among members of the board elected to represent the holders of

Preference Shares in accordance with the foregoing provisions may be filled by the board of directors with the consent and approval of the remaining director or directors elected to represent the holders of Preference Shares but if there be no such remaining director or directors the board may elect or appoint sufficient holders of Preference Shares to fill the vacancy or vacancies; whether or not such vacancy or vacancies is or are so filled by the board, the holders of record of at least one-tenth (1/10) of the outstanding Preference Shares shall have the right to require the Secretary of the Company to call a meeting of the holders of Preference Shares for the purpose of filling the vacancy or vacancies or replacing all or any of the persons elected or appointed to fill such vacancy or vacancies and the provisions of the last preceding paragraph shall apply with respect to the calling of any such meeting;

Notwithstanding anything contained in the by-laws of the Company (i) upon any termination of the voting rights of the holders of the Preference Shares, the term of office of the directors elected to represent the holders of Preference Shares shall forthwith terminate and (ii) the holding of one (1) Preference Share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of Preference Shares;

(e) The authorization required by subsection (4) of section 33 of The Corporations Act, 1953 to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Preference Shares as a class or to create preference shares ranking in priority to or on a parity with the Preference Shares may be given by at least two-thirds (2/3) of the votes cast at a meeting of the holders of the Preference Shares duly called for that purpose and held upon at least fifteen (15) days' notice at which the holders of at least a majority of the outstanding Preference Shares are present or represented by proxy; if at any such meeting the holders of a majority of the outstanding Preference Shares are not present or represented by proxy within one-half ($\frac{1}{2}$) an hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than twenty-one (21) days later and to such time and place as may be appointed by the Chairman and not less than fifteen (15) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the authorization of the holders of the Preference Shares referred to above; the formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders.

THE FIRST SERIES OF THE SAID CLASS OF PREFERENCE SHARES CONSISTS OF 186,734 SHARES WITH A PAR VALUE OF \$20 EACH DESIGNATED "6¼% CUMULATIVE REDEEMABLE PREFERENCE SHARES, SERIES A" AND, IN ADDITION TO THE PREFERENCES, RIGHTS, CONDITIONS, RESTRICTIONS, LIMITATIONS AND PROHIBITIONS ATTACHING TO THE PREFERENCE SHARES AS A CLASS, HAVING ATTACHED THERETO PREFERENCES, RIGHTS, CONDITIONS, RESTRICTIONS, LIMITATIONS AND PROHIBITIONS SUBSTANTIALLY AS FOLLOWS:

(1) The holders of the 6¼% Cumulative Redeemable Preference Shares, Series A (hereinafter called the "Series A Preference Shares") shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at the rate of six and one-quarter per cent (6¼%) per annum payable quarterly on the first days of February, May, August and November in each year on the amounts from time to time paid up thereon; such dividends shall accrue from such date or dates as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the date of allotment; cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada (far northern branches excepted) shall be issued in respect of such dividends; if on any dividend payment date the dividend payable on such date is not paid in full on all of the Series A Preference Shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same; the holders of the Series A Preference Shares shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for;

(2) In the event of the liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs the holders of the Series A Preference Shares shall be entitled to receive the amount paid up on such shares together with all accrued and unpaid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been

paid up to the date of distribution) and, if such liquidation, dissolution, winding up or distribution be voluntary, an additional amount equal to the premium which would be payable as part of the redemption price of such shares if such shares were redeemed under the provisions of clause (5) hereof at the time of payment under the provisions of this clause (2), before any amount shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Series A Preference Shares; after payment to the holders of the Series A Preference Shares of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company;

(3) No dividends shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the Preference Shares unless all dividends up to and including the dividend payable for the last completed quarter on each series of the Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Company ranking junior to the Preference Shares nor shall the Company call for redemption or purchase for cancellation or reduce or otherwise pay off any of the Preference Shares (less than the total amount then outstanding) or any shares of the Company ranking junior to the Preference Shares unless all dividends up to and including the dividend payable for the last completed quarter on each series of the Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment off;

(4) Subject to the provisions of clause (3) hereof, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Series A Preference Shares outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Series A Preference Shares outstanding at the lowest price or prices at which, in the opinion of the board of directors, such shares are obtainable but not exceeding the price at which, at the date of purchase, such shares are redeemable as provided in clause (5) hereof (including accrued and unpaid preferential dividends as provided in the said clause (5)) plus costs of purchase; if upon any invitation for tenders under the provisions of this clause the Company shall receive tenders of Series A Preference Shares at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number for which the Company is prepared to accept tenders, the Series A Preference Shares so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Series A Preference Shares so tendered by each of the holders of Series A Preference Shares who submitted tenders at the said same lowest price;

(5) Subject to the provisions of clause (3) hereof, the Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Series A Preference Shares on payment for each share to be redeemed of the amount paid up on such share together with a premium of six per cent (6%) of such amount if redeemed on or before the first day of November, A.D. 1961, or a premium of five and one-quarter per cent (5¼%) of such amount if redeemed thereafter and on or before the first day of November, A.D. 1962, or a premium of four and one-half per cent (4½%) of such amount if redeemed thereafter and on or before the first day of November, A.D. 1963, or a premium of three and three-quarters per cent (3¾%) of such amount if redeemed thereafter and on or before the first day of November, A.D. 1964, or a premium of three per cent (3%) of such amount if redeemed thereafter and on or before the first day of November, A.D. 1965, or a premium of two and one-quarter per cent (2¼%) of such amount if redeemed thereafter and on or before the first day of November, A.D. 1966, or a premium of one and one-half per cent (1½%) of such amount if redeemed thereafter and on or before the first day of November, A.D. 1967, or a premium of one per cent (1%) of such amount if redeemed thereafter and together in all cases with all accrued and unpaid preferential dividends (which for such purpose shall be calculated as if the dividends on the Series A Preference Shares were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of such redemption);

(6) In any case of redemption of Series A Preference Shares under the provisions of clause (5) hereof, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Series A Preference Shares to be redeemed a notice in writing of the intention of the Company to redeem such Series A Preference Shares; such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure or omission to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the Series A Preference Shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed; or on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Series A Preference Shares to be redeemed the redemption price on presentation

and surrender at the head office of the Company or any other place designated in such notice of the certificates representing the Series A Preference Shares so called for redemption; such payment shall be made by cheques payable at par at any branch of the Company's bankers for the time being in Canada (far northern branches excepted); if a part only of the Series A Preference Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified for redemption in any such notice, the Series A Preference Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any Series A Preference Shares as aforesaid to deposit the redemption price of the Series A Preference Shares so called for redemption or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Series A Preference Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series A Preference Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively; any interest allowed on any such deposit shall belong to the Company;

(7) So long as any of the Series A Preference Shares are outstanding the Company shall not

- (i) declare or pay any dividends (other than stock dividends in shares of the Company's capital stock ranking junior to the Series A Preference Shares) on any of its shares at any time outstanding and ranking junior to the Series A Preference Shares; or
- (ii) redeem, reduce, purchase or otherwise pay off any of its shares at any time outstanding and ranking junior to the Series A Preference Shares (except out of the proceeds of an issue of shares ranking junior to the Series A Preference Shares made at any time after the first day of January, A.D. 1961, and prior to or contemporaneously with any such redemption, reduction, purchase or payment); or
- (iii) elect to pay any tax on undistributed income under the provisions of Section 105 of the Income Tax Act (R.S.C. 1952, Cap. 148) as now enacted or as the same may from time to time be amended or re-enacted or elect to pay any tax under any similar provisions

unless immediately after giving effect to such action the aggregate amount

- (a) declared and/or paid subsequent to the incorporation of the Company as dividends (other than stock dividends in shares of the Company's capital stock ranking junior to the Series A Preference Shares) on all shares of all classes of the Company's capital stock; and
- (b) distributed and/or paid (on redemption, reduction, purchase or other payment off) subsequent to the incorporation of the Company in respect of all shares (other than Preference Shares) of all classes of the Company's capital stock; and
- (c) elected to be paid as tax as mentioned in sub-division (iii) immediately preceding

will not be more than the aggregate of the consolidated net earnings available for dividends of the Company and its subsidiaries plus the net cash proceeds to the Company of the issue after the first day of January, A.D. 1961, of any shares of its capital stock ranking junior to the Series A Preference Shares and plus Three Hundred and Fifty Thousand dollars (\$350,000); "consolidated net earnings available for dividends" of the Company and its subsidiaries means the consolidated net earnings of the Company and its subsidiaries calculated as provided in clause (10) hereof except that in calculating consolidated net earnings available for dividends the earnings or losses of any subsidiary shall only be included from the date when such subsidiary became a subsidiary of the Company;

For the purposes of this clause (7) and subject to the foregoing provisions hereof the directors of the Company may from time to time determine the consolidated net earnings available for dividends of the Company and its subsidiaries as of a date not more than ninety (90) days prior to the making of such determination and may determine such consolidated net earnings available for dividends to be not less than a stated amount without determining the exact amount thereof; in making any such determination the directors shall consider and may rely on the last available audited consolidated balance sheet of the Company and its subsidiaries and/or the last available audited balance sheet of the Company reported on by the

Company's auditors and may consider and rely on the last available unaudited consolidated balance sheet of the Company and its subsidiaries and/or the last available unaudited balance sheet of the Company prepared by the accounting officers of the Company and upon any other financial statement, report or other data which they may consider reliable provided that the directors shall not make any such determination on the basis of any such balance sheet, statement, report or other data if to their knowledge any event has happened which would materially and adversely affect such consolidated net earnings available for dividends as determined on such basis; upon any determination having been made by the directors under the provisions hereof the consolidated net earnings available for dividends of the Company and its subsidiaries as at any date within a period of ninety (90) days following the date as of which such determination is made (unless any further determination of such consolidated net earnings available for dividends is so made within the said period) shall be conclusively deemed to be not less than the amount stated in such determination and such determination shall be conclusive and binding on the Company and the holders of shares of every class;

(8) Subject as hereinafter provided and subject to the provisions of clause (3) hereof, so long as any of the Series A Preference Shares are outstanding the Company shall on or before the first day of May in each year, commencing with the year 1962, set aside as a purchase fund for the purchase of Series A Preference Shares for cancellation an amount equal to the lesser of (i) two per cent (2%) of the aggregate par value of the greatest number of Series A Preference Shares theretofore issued or (ii) ten per cent (10%) of the consolidated net earnings (as defined in clause (10) hereof) of the Company and its subsidiaries for the last preceding fiscal year after deducting from such consolidated net earnings an amount equal to dividends on all the Preference Shares outstanding at the commencement of the fiscal year in which such purchase fund is to be set aside at the full rate or rates for such last mentioned fiscal year; provided that if in any fiscal year of the Company there shall be no consolidated net earnings of the Company and its subsidiaries after deductions in respect of dividends as aforesaid then no amount shall be required to be set aside by the Company for purchase fund purposes in the following year; provided further that if under the foregoing provisions the Company would be required to set aside in any year for purchase fund purposes an amount which when added to the amounts theretofore set aside as a purchase fund in respect of the Series A Preference Shares and not used or applied on or before the first day of April in such year for the purposes hereinafter provided would aggregate an amount in excess of One Hundred Thousand dollars (\$100,000) then the Company in such year shall only be required to set aside for purchase fund purposes an amount which when added to the said amounts theretofore set aside and not used or applied as aforesaid will equal One Hundred Thousand dollars (\$100,000); for the purposes of this clause (8) and subject to the foregoing provisions hereof, consolidated net earnings shall be determined by the auditors of the Company, whose determination shall be conclusive and binding on the Company and the holders of shares of every class;

Subject to the provisions of clause (3) hereof, the amounts from time to time set aside as a purchase fund in respect of the Series A Preference Shares shall be applied as soon as practicable to the purchase of Series A Preference Shares (if obtainable) in the market at the lowest price or prices at which in the opinion of the board of directors such shares are obtainable but not exceeding an amount equal to the amount paid up thereon plus costs of purchase; to the extent to which Series A Preference Shares cannot be so purchased at prices not exceeding the said price the Company shall not be obligated to make any application of the purchase fund in the purchase of Series A Preference Shares but shall reserve the same until such shares in the opinion of the board of directors can be so purchased and so on from time to time so long as any of the Series A Preference Shares shall be outstanding; any moneys set aside in the purchase fund in accordance with the foregoing provisions shall be kept separate from other moneys of the Company and shall not be used for any purpose except the purchase for cancellation of Series A Preference Shares in accordance with the foregoing provisions; provided that the Company may from time to time invest such moneys in the purchase of bonds or other securities of or guaranteed by the Government of Canada or the Province of Ontario and maturing within five (5) years after the date of purchase; any bonds or other securities so purchased shall thereafter be valued for all purposes hereof at their cost price, shall be kept separate from other bonds or securities owned or held by the Company and shall not be used for any purpose except the purchase of Series A Preference Shares in accordance with the foregoing provisions; the Company may at any time anticipate the whole or any part of its purchase fund obligations by purchasing or redeeming Series A Preference Shares as provided in clauses (4) and (5) hereof and crediting the cost of or amount required to redeem such Series A Preference Shares in reduction of any purchase fund obligations thereafter becoming due;

(9) Subject as hereinafter provided, so long as any of the Series A Preference Shares are outstanding the Company shall not without, but may from time to time with, the approval of the holders of the Series A Preference Shares given as hereinafter specified,

- (a) issue or become liable on any funded indebtedness; or
- (b) permit any subsidiary to guarantee any indebtedness or dividends of or give any other guarantee on behalf of any person, firm or corporation other than the Company; or

- (c) sell or otherwise dispose of any funded indebtedness or shares of any subsidiary or permit any subsidiary to issue, sell or otherwise dispose of or to become liable on (except to the Company or to a subsidiary of which such subsidiary is a subsidiary) any funded indebtedness or shares of such subsidiary or of any other subsidiary; or
- (d) sell or otherwise dispose of or permit any subsidiary company to sell or otherwise dispose of (except to the Company or to a subsidiary of which such subsidiary is a subsidiary) by conveyance, transfer, lease or otherwise the assets and undertaking of the Company or of a subsidiary as the case may be as an entirety or substantially as an entirety;

provided always that the foregoing restrictions shall not apply to nor operate to prevent

- (i) the giving of security or securities (except on fixed assets) by the Company or a subsidiary to any bank or banks or to any other loaning institution for present or future debts or liabilities of the Company or such subsidiary to such bank or banks or loaning institution provided that such debts or liabilities do not constitute funded indebtedness; or
- (ii) the deposit of cash or obligations of the Government of Canada in connection with contracts or tenders in the ordinary course of business or to secure workmen's compensation, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations, liens or claims incident to current construction, mechanics', warehousemen's, carriers' and other similar liens; or
- (iii) the extension, renewal or refunding by a subsidiary of any funded indebtedness of such subsidiary to the extent of the principal amount of such funded indebtedness at the time of such extension, renewal or refunding provided that such funded indebtedness was funded indebtedness of the subsidiary at the time when such subsidiary became a subsidiary; or
- (iv) any subsidiary guaranteeing the obligations (other than funded indebtedness) of customers and suppliers in the ordinary course of business; or
- (v) the extension, renewal or refunding by the Company of any funded indebtedness of the Company to the extent of the principal amount of such funded indebtedness at the time of such extension, renewal or refunding; or
- (vi) the securing from time to time by the Company and/or by any subsidiary of any funded indebtedness permitted under sub-divisions (iii) or (v) of this sub-clause;

Notwithstanding anything herein contained the foregoing restrictions shall not prevent or be so construed as to prevent the Company or any subsidiary company or companies creating, issuing or becoming liable on funded indebtedness to the extent that the consolidated funded indebtedness of the Company and its subsidiary companies to be outstanding immediately after such creation, issuance or becoming liable, as the case may be, and irrespective of when such indebtedness or liability was incurred shall not thereby be increased to a sum greater than forty per cent (40%) of an amount determined by adding to the consolidated net tangible assets, as herein defined, of the Company and its subsidiary companies the principal amount of all consolidated funded indebtedness of the Company and its subsidiary companies which is to be outstanding immediately after such creation, issuance or becoming liable, as the case may be, and the Company and/or any subsidiary may give security from time to time in respect of any such funded indebtedness;

"Consolidated net tangible assets" as used herein means current assets and all other assets of the Company and its subsidiary companies (including the proceeds or estimated proceeds of the funded indebtedness proposed to be issued under the provisions of this clause (9) or of the issuance of any shares under, in either case, a contract or arrangement providing for payment in cash within sixty (60) days after the date of such contract or arrangement) except goodwill, leases, trade marks, formulae and shares in subsidiary companies and after deducting all liabilities of the Company and its subsidiary companies other than contingent liabilities (except to the extent that the directors with the approval of the auditors of the Company determine that provision should be made therefor) and other than liabilities to capital stock, surplus and reserves to the extent not required to be treated as liabilities in accordance with generally accepted accounting practice; in calculating consolidated net tangible assets due allowance shall be made for the minority interest, if any, in any subsidiary;

"Funded indebtedness" as used herein means any indebtedness the principal amount of which by its terms is not payable on demand and matures more than eighteen (18) months after the date of the creation or issuance thereof and any liability (contingent or otherwise) in respect of any guarantee by the Company of any such indebtedness of any person, firm or corporation other than a subsidiary;

"Consolidated funded indebtedness" as used herein means the aggregate amount of all funded indebtedness of the Company and its subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting practice;

For the purposes of this clause (9) and subject to the foregoing provisions hereof, consolidated net tangible assets and the value thereof and consolidated funded indebtedness and the amount thereof shall be determined by the auditors of the Company who may adopt or give effect to any values, provisions or reserves appearing in the accounts of the Company or its subsidiaries, as the case may be, with such adjustments as such auditors may consider necessary and such auditors in so determining shall be deemed to be acting as experts and such determination by the auditors of the Company from time to time shall be deemed to be correct and shall be conclusive and binding on the Company and the holders of shares of every class;

"Subsidiary company" or "subsidiary" as used herein means (a) any corporation or company of which all the outstanding shares of each class of shares in its capital stock are for the time being owned by or held for the Company and/or any other corporation or company in like relation to the Company and includes any corporation or company in like relation to a subsidiary; (b) N. Slater Company, Limited and Stamped & Enamelled Ware, Limited (companies incorporated under the laws of Canada by letters patent dated the twentieth day of June, A.D. 1917, and the twenty-sixth day of February, A.D. 1913, respectively), but in each case only so long as more than fifty per cent (50%) of the outstanding voting stock or shares of such company are owned by or held for the Company and/or any subsidiary of the Company; and (c) any corporation or company of which more than fifty per cent (50%) of the outstanding voting stock or shares are for the time being owned by or held for the Company and/or any subsidiary of the Company if but only if the directors of the Company by resolution (passed either before or after fifty per cent (50%) of the outstanding voting stock or shares of such corporation or company become owned by or held for the Company and/or any subsidiary of the Company) determine that such corporation or company shall be deemed to be a subsidiary of the Company and only so long as more than fifty per cent (50%) of the outstanding voting stock or shares of such corporation or company are owned by or held for the Company and/or any subsidiary of the Company; any such resolution shall not be revocable and shall be conclusive and binding upon all parties in interest; "voting stock or shares" as used in this definition means stock or shares of any class carrying voting rights but shall not include stock or shares of any class carrying limited voting rights or carrying voting rights by reason of the happening of any contingency whether or not such contingency shall have happened; if by reason of any such resolution any corporation or company (hereinafter called a "deemed subsidiary") is deemed to be a subsidiary of the Company then any corporation or company of which more than fifty per cent (50%) of the outstanding voting stock or shares are or shall at any time be owned by or held for a deemed subsidiary and/or any other corporation or company in like relation to a deemed subsidiary shall be deemed to be a subsidiary of the Company and any other corporation or company in like relation to such a corporation or company shall also be deemed to be a subsidiary of the Company;

(10) The Company shall not issue any Preference Shares in excess of the one hundred thousand (100,000) Series A Preference Shares without the prior approval of the holders of the Series A Preference Shares given as hereinafter specified unless (a) the consolidated net tangible assets as hereinbefore defined of the Company and its subsidiaries amount to at least two and one-quarter ($2\frac{1}{4}$) times the aggregate par value of all Preference Shares to be outstanding immediately after such issue, and (b) the average annual consolidated net earnings as herein defined of the Company and its subsidiaries for the two (2) completed fiscal years next preceding the date of issuance have been at least equal to two and one-half ($2\frac{1}{2}$) times the annual dividend requirements on all the Preference Shares to be outstanding immediately after such issue; a report of the Company's auditors for the time being as to whether the Company is or is not entitled to issue any Preference Shares without the prior approval aforesaid shall be conclusive and binding on the Company and the holders of shares of every class;

"Consolidated net earnings" as used herein means all the gross earnings and income of the Company and its subsidiary companies from all sources less all administrative, selling and operating charges and expenses of every character and all fixed charges of the Company and its subsidiary companies (but excluding gains or losses on the disposal of investments and fixed assets) arrived at on a consolidated basis in accordance with generally accepted accounting practice; without limitation of the generality of the foregoing, operating expenses shall include insurance, maintenance, repairs, renewals (except such expenditures for renewals as are charged to capital account in accordance with generally accepted accounting practice), rentals, licenses, taxes (including taxes on income) and all interest and such provisions or allowances for bad and doubtful debts as the directors in their discretion, with the approval of the Company's auditors, may determine, and, in addition to actual expenditures for maintenance, reasonable allowance for depreciation; the net earnings of any subsidiary company for the purpose of this definition shall only include such part of the net earnings and income of such subsidiary company calculated as aforesaid as under generally accepted accounting practice is applicable to those shares of such subsidiary company which are held by the Company or any other subsidiary company; if, at the time of determining consolidated net earnings for any past period, the Company or any subsidiary has acquired, is in the process of acquiring, or proposes to acquire, any property or any shares of any other company (sufficient with any shares of such other company already owned by the Company or a subsidiary to result in such other company becoming a subsidiary) and if the net proceeds of the then proposed issue of Preference Shares are to be applied directly or indirectly towards the cost of or in

reimbursement of the cost of the acquisition of such property or shares (as to which a resolution of the directors shall be conclusive and binding), then the net earnings or net losses of such property or such other company for the same past period (calculated in accordance with the provisions herein contained respecting consolidated net earnings) shall, if in the opinion of the Company's auditors the Company has access to data sufficient to enable such auditors to determine such net earnings or net losses, be treated as net earnings or net losses as the case may be in the computation of consolidated net earnings; in any calculation of consolidated net earnings in connection with a proposed issue of Preference Shares (but not for any other purpose) the Company shall be deemed to have had completed fiscal years in each of the years 1959 and 1960 and for such years the consolidated net earnings (calculated in accordance with the provisions herein contained respecting consolidated net earnings) of N. Slater Company, Limited referred to in clause (9) hereof and its subsidiary for its fiscal years ended in such years shall be included as net earnings of the Company and the auditors of the Company may rely upon a report of the auditors of the said N. Slater Company, Limited with respect to such consolidated net earnings;

For the purposes of this clause (10) and subject to the foregoing provisions hereof, consolidated net earnings shall be determined by the auditors of the Company;

(11) No class of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the Preference Shares without the approval of the holders of the Series A Preference Shares given as hereinafter specified nor shall the authorized amount of Preference Shares be increased without such approval; provided that nothing in this clause (11) contained shall prevent the Company from issuing additional series of the Preference Shares without such approval;

(12) The foregoing provisions, the provisions of this clause and the provisions of clause (13) hereof may be deleted, varied, modified, amended or amplified by supplementary letters patent but only with the approval of the holders of the Series A Preference Shares given as hereinafter specified, in addition to any vote or authorization required by The Corporations Act, 1953;

(13) The approval of holders of the Series A Preference Shares as to any and all matters referred to herein (in addition to or as distinct from any vote or authorization required by The Corporations Act, 1953) may be given by resolution passed at a meeting of the holders of the Series A Preference Shares duly called and held upon at least fifteen (15) days' notice at which the holders of at least a majority of the outstanding Series A Preference Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the Series A Preference Shares represented and voted at such meeting cast on a poll; if at any such meeting the holders of a majority of the outstanding Series A Preference Shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than twenty-one (21) days later and to such time and place as may be appointed by the Chairman and at least fifteen (15) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of Series A Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the Series A Preference Shares represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of Series A Preference Shares referred to above; the formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders; on every poll taken at every such meeting or adjourned meeting every holder of Series A Preference Shares shall be entitled to one vote in respect of each Series A Preference Share held;

Any authorization required by subsection (4) of section 33 of The Corporations Act, 1953 may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Series A Preference Shares duly called for that purpose.

15.

FISCAL YEAR

The fiscal year of the Company ends on October 31.

16.

ANNUAL MEETING

No annual meeting of the Company as such has as yet been held.

17.

HEAD AND OTHER OFFICES

The head office of the Company is located at 681 King Street West, Hamilton, Ontario. In addition, the Company maintains a number of other offices and places of business. Reference is made to the Information.

18.

TRANSFER AGENT

Montreal Trust Company at its offices in Montreal, Toronto, Winnipeg and Vancouver is the Transfer Agent for the common shares without par value and the 6¼% cumulative redeemable preference shares, Series A with a par value of \$20 each of the Company.

19.

TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

20.

REGISTRAR

Montreal Trust Company at its offices in Montreal, Toronto, Winnipeg and Vancouver is the Registrar for the common shares without par value and the 6¼% cumulative redeemable preference shares, Series A with a par value of \$20 each of the Company.

21.

AUDITORS

Messrs. Gunn, Roberts & Co., 7 Queen Street East, Toronto, Ontario, Chartered Accountants, are the auditors of the Company.

22.

OFFICERS

The officers of the Company are as follows:

OFFICE	NAME	HOME ADDRESS
Chairman of the Board and President	Samuel Fingold	2295 Bayview Avenue, Toronto, Ontario.
Vice-Chairman of the Board	L. N. Watt	1462 Mississauga Road, Port Credit, Ontario.
Executive Vice-President	H. Owen Jones	1126 Morrisson Heights Drive, Oakville, Ontario.
Vice-President	N. A. Eager	7 Ravenscliff, Hamilton, Ontario.
Vice-President, Burlington Division	R. K. Thoman	201 St. Clair Boulevard, Hamilton, Ontario.
Vice-President and Comptroller	Harvey Fingold	30 Inglewood Drive, Hamilton, Ontario.
Secretary	R. A. Kingston, Q.C.	18 Burton Road, Toronto, Ontario.
Treasurer	J. S. Spearing	239 Robina Road, Ancaster, Ontario.

OFFICERS OF N. SLATER COMPANY DIVISION

President and General Manager	H. Owen Jones	1126 Morrisson Heights Drive, Oakville, Ontario.
Secretary-Treasurer	J. S. Spearing	239 Robina Road, Ancaster, Ontario.

OFFICERS OF STAMPED & ENAMELLED WARE COMPANY DIVISION

President	Samuel Fingold	2295 Bayview Avenue, Toronto, Ontario.
Vice-President and General Manager	W. S. Craig	10 Crescent Road, Galt, Ontario.
Secretary-Treasurer	J. S. Spearing	239 Robina Road, Ancaster, Ontario.

OFFICERS OF BURLINGTON STEEL COMPANY DIVISION

President	R. K. Thoman	201 St. Clair Boulevard, Hamilton, Ontario.
Vice-President in Charge of Manufacturing	R. D. Fraser	61 Mohawk Road, Ancaster, Ontario.
Treasurer	R. J. Sawyers	2289 Wagner Crescent, Burlington, Ontario.

The directors of the Company are as follows:

NAME	ADDRESS
Ralph William Cooper	563 North Shore Boulevard East, Burlington, Ontario.
Norman Aldwyn Eager	7 Ravenscliff, Hamilton, Ontario.
Samuel Fingold	2295 Bayview Avenue, Toronto, Ontario.
Robert Arnold Kingston, Q.C.	18 Burton Road, Toronto, Ontario.
Harold Hamilton Leather	341 James Street South, Hamilton, Ontario.
Donald Howard McLaren	76 Kimbark Boulevard, Toronto, Ontario.
Graham Morrow	137 Warren Road, Toronto, Ontario.
Gerald Lamont Smith	South Road, Harbour Acres, Sands Point, New York.
Leonard Nelson Watt	1462 Mississauga Road, Port Credit, Ontario.

CERTIFICATE

Pursuant to a resolution duly passed by its board of directors the applicant company hereby applies for the listing of the above mentioned securities on the Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

SLATER STEEL INDUSTRIES LIMITED

by

"S. FINGOLD", Chairman of the Board
"R. A. KINGSTON", Secretary

